



**IEV HOLDINGS LIMITED**  
(Company Registration 201117734-D)

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**ANNOUNCEMENT**  
For Immediate Release

**UPDATE TO COOPERATION CONTRACT AND HEADS OF AGREEMENT  
IN RELATION TO THE MK-1 BIOMASS PLANT – LEASE AND TRANSFER  
OF PLANT & ASSETS**

*Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning ascribed to them in the announcement dated 6 March 2017, 12 May 2017 and 7 November 2017.*

**1. Introduction**

The board of directors (the “**Board**” or “**Directors**”) of IEV Holdings Limited (“**Company**”, and together with its subsidiaries, “**IEV**” or the “**Group**”) wishes to announce that, pursuant to the Heads of Agreement with BSB Investment and Development Co. Ltd (“**BSB**”), its wholly-owned indirect subsidiary IEV Vietnam Limited Liability Company (“**IEV Vietnam**”), has entered into a Lease Agreement of Plants & Assets (“**Lease Agreement**”) on 8 January 2018 to lease the MK-1 Biomass Plant and its related assets (“**MK-1 Plant**”) located at Thot Not district, Vietnam to BSB for a 2-year lease period commencing 15 January 2018 until 14 January 2020 (“**Rental Period**”). After expiry of the Rental Period, IEV Vietnam has committed to transfer all use rights and ownership of the MK-1 Plant to BSB (“**Transfer**”), by entering into a Transfer contract scheduled to be signed by June 2019.

**2. MK-1 Plant**

The MK-1 Biomass plant sits on a 30-year leasehold land with a land area of 13,355 square metres in the Tan Loc Ward, Thot Not District, Can Tho City, Vietnam. The MK-1 Plant was designed for rice husk briquette production and a warehouse capacity to store up to 10,000 rice husk feedstock.

**3. Rationale for the lease and transfer**

The MK-1 Plant had been maintaining a low level of briquette production due to the high price of rice husks arising from poor rice production in the Mekong Delta throughout 2017. IEV Vietnam and BSB entered into a Cooperation Contract on 11 March 2017 to conduct a feasibility study on the commercialization of rice husk silica and nano-silica in Vietnam; and for BSB to rent space in the MK-1 Plant to construct, install and operate a rice husk silica pilot production plant. The said feasibility study found that the commercialisation of rice husk silica and nano-silica to be unfavourable. However, BSB had expressed a desire to lease and eventually acquire the entire MK-1 Plant to produce rice husk products and brown rice milk. IEV in turn has decided to exit from the rice-husk biomass business in Vietnam and refocus on its core engineering business.

IEV had commissioned an independent valuation study and a report dated 12 September 2017 had valued the land use rights, building and plant (excluding briquetting equipment) at

VND32.792 billion (approximately RM5.78 million based on an exchange rate of 1VND to RM0.0001763 as at 10 January 2018). IEV and BSB had thus agreed to structure the transaction as a 2-year lease with total lease rental of VND5,995,440,000 (approximately RM1.05 million) followed by a title transfer of MK-1 Plant for VND 28,000,000,000 (approximately RM4.94 million); making the total consideration VND 33,995,440,000 (approximately RM5.99 million), which shall be satisfied entirely by cash. The total proceeds from this transaction will be used for working capital purposes of the Group.

#### 4. Principal Terms of the Lease Agreement

The salient terms of the Lease Agreement are set out as below.

##### 4.1 Rental

1. The lease will be for a period of 2 years starting 15 January 2018 at a rate of VND 249,810,000 (approximately RM44,042) per month excluding VAT and is fixed throughout the rent period.
2. BSB will undertake full legal responsibilities arising from the operation of the Plant and Assets and maintain all rental assets including insurance during the rent period.

##### 4.2 Transfer

1. By June 2019, the parties shall enter into a Transfer contract ("**Transfer Contract**") whereupon the expiry of the lease period, IEV commits to transfer all use rights and ownership of Plant and Assets provided all terms and conditions have been agreed upon and adhered to.
2. A transfer price has been fixed at VND 28,000,000,000 (approximately RM4.94 million) excluding VAT. The detailed payment schedule will be set out and agreed by both parties in the Transfer Contract.
3. In the event IEV chooses not to proceed with the transfer of the Plant and Assets, IEV will compensate BSB for all cost related to the relocation of BSB's plant and equipment and opportunity cost due to production delays.

#### 5. Relative Figures under Rule 1006 of the Listing Manual Section B: Rules of Catalyst of the SGX-ST ("**Catalist Rule**")

Based on the Company's latest announced financial results for financial period ended 30 September 2017 ("**3Q2017**"), the relative figures of the Lease Agreement and Transfer under Rule 1006 of the Catalist Rules are as follows:-

<b>Rule 1006(a)</b>	
Net asset value of the assets to be disposed of, compared with the Group's net asset value	7.44% <sup>(1)</sup>
<b>Rule 1006(b)</b>	
Net profits attributable to the asset acquired compared to the Group's net profits	Not applicable <sup>(2)</sup>
<b>Rule 1006(c)</b>	
Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	6.15% <sup>(3)(4)</sup>
<b>Rule 1006(d)</b>	

Number of equity securities issued by the Company as consideration for the transaction, compared with the number of equity securities previously in issue	Not applicable
<b>Rule 1006(e)</b>	
Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable

**Notes:**

- (1) The net asset value of the MK-1 plant and the Group was VND33.31 billion (approximately RM5.87 million based on an exchange rate of 1VND to RM0.0001763 as at 10 January 2018) and RM79.01 million respectively.
- (2) No profits were generated by the MK-1 Plant for the financial period ended 30 September 2017 ("3QFY2017"). The revenue generated for Renewable Energy Sector in the 3QFY2017 announcement was from carried forward rice husk inventory from the prior 2016 financial year.
- (3) The Company's market capitalisation of S\$16.25 million is determined by multiplying the number of issued ordinary shares (excluding treasury shares) of 285,512,632 by the weighted average price of the Company's shares on 5 January 2018 of SGD0.0569, being the date preceding the date of the SPA.
- (4) The aggregate consideration consists of the total rental sum to be received by the Company during the entire Rental Period, as well as the transfer price. Accordingly, the aggregate consideration amounts to VND 33,995,440,000 (approximately S\$2.0 million based on an exchange rate of 1 VND to 0.00005875 SGD as at 10 January 2018).

Having regard to the above, the relative figures computed on the bases set out in Rule 1006 amount to more than 5% and less than 20%. The transaction thus constitutes a "disclosable transaction" under Rule 1010 of the Catalist Rules.

## 6. Financial Effects of the transaction

The proforma financial effects of the Lease and the Transfer on the net tangible assets ("NTA") per share and earnings per share ("EPS") of the Group as set out below are purely for illustrative purposes only and do not reflect the actual financial performance or position of the Group after the Lease and Transfer. The financial effects of the Lease and Transfer set out below have been prepared based on the Group's audited consolidated financial statements for the full year ended 31 December 2016 ("FY2016").

### EPS

The proforma financial effects of the Lease and the Transfer on the EPS of the Group for FY2016, assuming that the Lease and the Transfer had been effected at the beginning of FY2016, are summarized below:

EPS	Before the transaction	After the transaction
Loss attributable to owners of the Company	RM33,565,837	RM33,362,739 <sup>(1)</sup>
Weighted average number of issued shares	283,691,803	283,691,803
Basic and diluted EPS (Malaysian sen)	(11.83)	(11.76)

Note 1. Gain from the lease and transfer of MK-1 Plant of VND1.152 billion or RM203,098

## NTA per share

The proforma financial effects of the Lease and the Transfer on the NTA per share of the Group for FY2016, assuming that the Lease and the Transfer had been effected as at 31 December 2016, are summarized below:

<b>NTA</b>	<b>Before the transaction</b>	<b>After the transaction</b>
Consolidated NTA	RM89,439,513	RM89,642,611 <sup>(2)</sup>
Number of issued shares (excluding treasury shares)	283,600,000	283,600,000
Consolidated NTA per share (Malaysian sen)	31.54	31.61

*Note 2. Gain from the lease and transfer of MK-1 Plant of VND1.152 billion or RM203,098*

### **7. Other Financial Information**

The net book value of MK-1 Plant excluding briquetting equipment as at 31 December 2017 amounted to approximately VND32.843 billion (approximately RM5.79 million). The valuation of MK-1 Plant by an independent professional valuer was VND32.792 billion (approximately RM5.78 million). With a total transaction value of VND33.995 billion (approximately RM5.99 million), the gain from the lease and transfer amounted to approximately VND1.152 billion (approximately RM203,098).

### **8. Interest of Directors and Controlling Shareholders**

Save for their shareholdings in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Lease Agreement other than their respective shareholdings in the Company (if any).

### **9. Details of any service contract**

No person is proposed to be appointed as a director of the Company in connection with the Lease Agreement. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

By order of the Board  
Christopher Do  
President & CEO  
11 January 2018

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### **MEDIA CONTACT**

For media queries, please contact;

#### **IEV Holdings Limited**

**Corporate Communications Department**

**Tel: +603 79319921**

Vicneswary Veeran (Mobile +6 012 6959226, Email: vicneswary@iev-group.com)

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"), for compliance with the relevant*

*rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.*

*The contact person for the Sponsor is Mr. Ong Hwee Li, at 1 Robinson Road, #21-02 AIA Tower Singapore 048542, telephone (65) 6532 3829.*